

# **Consumer Protection Unit secures \$337,000 in debt relief for Delaware ITT Tech**

Attorney General Kathy Jennings and the Delaware Department of Justice's Consumer Protection Unit have secured an agreement to obtain \$337,478.96 in debt relief for former ITT Tech students in Delaware as part of a multistate settlement that a bipartisan coalition of attorneys general and the Consumer Financial Protection Bureau reached with PEAKS Trust, a private loan program run by ITT Tech and affiliated with Deutsche Bank entities.

Nationally, the settlement will result in debt relief of about \$330 million for 35,000 borrowers who have outstanding principal balances.

ITT filed bankruptcy in 2016 amid investigations by state attorneys general and following action by the U.S. Department of Education to restrict ITT's access to federal student aid.

"These borrowers, many of whom represent the most vulnerable among us, were only trying to invest in their futures," said Attorney General Jennings. "They followed the rules. They worked hard. But they were steered into high interest loans for degrees that often proved worthless. These borrowers were usually unable to find jobs paying remotely enough to give them any shot at repaying their loans and sustaining themselves. I'm relieved for Delawareans who will receive this significant debt relief, and my office will continue to protect borrowers from unscrupulous lenders and the institutions that support them."

PEAKS was formed after the 2008 financial crisis when private sources of lending available to for-profit colleges dried up. ITT developed a plan with PEAKS to offer students temporary

credit to cover the gap in tuition between federal student aid and the full cost of the education.

According to the [Assurance of Voluntary Compliance](#) finalized Tuesday:

ITT and PEAKS knew or should have known that the students would not be able to repay the temporary credit when it became due nine months later. Many students complained that they thought the temporary credit was like a federal loan and would not be due until six months after they graduated.

When the temporary credit became due, ITT pressured and coerced students into accepting loans from PEAKS, which for many students carried high interest rates, far above rates for federal loans. Pressure tactics used by ITT included pulling students out of class and threatening to expel them if they did not accept the loan terms. Many of the ITT students were from low-income backgrounds and were left with the choice of enrolling in the PEAKS loans or dropping out and losing any benefit of the credits they had earned, because ITT's credits would not transfer to most schools.

The default rate on the PEAKS loans is projected to exceed 80%, due to both the high cost of the loans as well as the lack of success ITT graduates had getting jobs that earned enough to make repayment feasible. The defaulted loans continue to affect students' credit ratings.

Under the settlement, PEAKS has agreed that it will forgo collection of the outstanding loans and cease doing business. PEAKS will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled. The settlement also requires PEAKS to supply credit reporting agencies with information to update credit information for affected borrowers.

Students will need to do nothing to receive the debt relief. The notices will explain their rights under the

settlement. Students may direct questions to PEAKS at [customerservice@peaksloans.com](mailto:customerservice@peaksloans.com) or 866-747-0273, or [the Consumer Financial Protection Bureau](#) at (855) 411-2372.

In June 2019, Attorney General Jennings [was part of a \\$168 million settlement](#) that resulted in debt relief for 18,664 former ITT students. That agreement was with Student CU Connect CUSO, LLC, which also offered loans to finance students' tuition at ITT Tech.